PHILIP MORRIS USA — **INTER-OFFICE CORRESPONDENCE**

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TO: Distribution **DATE:** April 19, 1999

FROM: Market Information/Bruce Neidle

SUBJECT: Weekly Shipment Performance w/e 4/16/99

Industry volume for the week at 7.1 billion units continues to reflect payback from the Marlboro B3G2F currently at retail likely offset by some competitive promotional volume.

Both RJR's and B&W's shares of the Discount category were somewhat higher than their 13wm averages suggesting some promotional units. Lorillard's Discount SOC remained lower than its recent averages for the fifth consecutive week, while its share of the Premium category was stronger than average.

PM's shares were largely affected by payback from the Marlboro B3G2F. Although slightly higher than week-ago, PM's shares for the week were lower than recent averages at: SOI: 44.0%, Premium SOC: 53.4%, and Discount SOC: 21.2%.

Discount category share for the week was at its highest weekly level this year at 29.2%, up +0.6pp vs. the prior week. YTD, the discount category share was down -1.0pp.

PM-USA April Performance

	Volume			Share		
W/E	PROJ	ACTUAL	ACTUAL VS. PROJ	PROJ	ACTUAL	ACTUAL VS. PROJ
4/2	1,070	1,070	0	45.2%	44.7%	(0.5)
4/9	3,666	3,336	(330)	45.7%	43.3%	(2.4)
4/16	3,559	3,137	(422)	46.2%	44.0%	(2.2)
4/23	3,884			48.4%		
4/30	3,921			48.7%		
MTD	**8,295**	**7,543**	**(752)**	**45.8%**	**43.8%**	**(2.0)**
April	**16,100**			**47.1%**		

All numbers are rounded.

Variance Explanation

w/e 4/16

PM's volume and share for the week were below projection likely due to earlier than expected payback from the Marlboro B3G2F promotion.

w/e 4/9

PM's volume for the week was below projection mainly due to the timing of shipments surrounding the holidays. PM's share was lower than expected likely due to higher than expected competitive promotional shipments and lower than expected shipments to McLane.

2 days ending 4/2/99

PM's volume was at projection. PM's share was lower than projection likely because PM did not ship on Friday (4/2), whereas three companies did.

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Source: https://www.industrydocuments.ucsf.edu/docs/krjn0004

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 4/16/99

THIS WEEK'S RESULTS

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Current Week	7,129	3,137	1,783	1,110	906	56	135
Diff. vs. 1998	-485	-196	-120	-316	143	-59	64
% Change vs. '98	-6.4%	-5.9%	-6.3%	-22.1%	18.7%	-51.3%	90.1%
SHARE							
Current Week		44.0%	25.0%	15.6%	12.7%	0.8%	1.9%
Diff. vs. 1998		0.2%	0.0%	-3.2%	2.7%	-0.7%	1.0%
FORECAST	7,287	3,479	1,835	1,082	709	85	97
Diff. vs. Forecast	-158	-342	-52	28	197	-29	38
CURR. PROJECTION	7,700	3,559					
Diff. vs. Projection	-571	-422					
PREMIUM							
Volume	5,046	2,697	1,057	494	767	20	1[illegible]
Share of Category	70.8% *	53.4%	20.9%	9.8%	15.2%	0.4%	0.2%
Contribution		86.0%	59.3%	44.5%	84.6%	36.0%	8.7%
DISCOUNT							
Volume	2,082	441	726	616	140	36	124
Share of Category	29.2% *	21.2%	34.9%	29.6%	6.7%	1.7%	5.9%
Contribution		14.0%	40.7%	55.5%	15.4%	64.0%	91.3%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 4/16/99

QUARTER TO DATE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
QTD	17,229	7,543	4,353	2,713	2,150	143	32[illegible]
1998 Actual	20,168	9,131	5,132	3,399	1,998	325	184
Diff. vs. 1998	-2,940	-1,587	-779	-686	152	-183	14[illegible]
% Change vs. '98	-14.6%	-17.4%	-15.2%	-20.2%	7.6%	-56.2%	77.9[illegible]
SHARE							
QTD		43.8%	25.3%	15.7%	12.5%	0.8%	1.9%
Diff. vs. 1998		-1.5%	-0.2%	-1.1%	2.6%	-0.8%	1.0%
FORECAST	17,157	8,109	4,360	2,571	1,684	202	230
Diff. vs. Forecast	72	-566	-7	142	466	-60	9[illegible]
PREMIUM							
Volume	12,349	6,575	2,665	1,206	1,829	46	28
Share of Category	71.7% *	53.2%	21.6%	9.8%	14.8%	0.4%	0.2%
Diff. vs. 1998	-0.9%	-1.0%	-0.8%	-0.7%	2.6%	-0.2%	0.0%
Contribution		87.2%	61.2%	44.4%	85.1%	32.3%	8.5%
DISCOUNT							
Volume	4,879	969	1,687	1,507	321	97	299
Share of Category	28.3% *	19.9%	34.6%	30.9%	6.6%	2.0%	6.1%
Diff. vs. 1998	0.9%	-1.8%	0.9%	-2.9%	2.8%	-2.4%	3.4%
Contribution		12.8%	38.8%	55.6%	14.9%	67.7%	91.5%

*Share of Industry

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 4/16/99

4WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 4 Wks	7,742	3,660	1,845	1,126	861	104	14[illegible]
Diff. vs. Pr. 4WM	-246	-326	32	24	36	-7	-[illegible]
Change v Pr 4WM	-3.1%	-8.2%	1.8%	2.1%	4.4%	-6.0%	-3.0%
Diff. vs. YAG 4WM	-454	-289	-149	-155	100	-36	7[illegible]
Change vs. YAG 4WM	-5.5%	-7.3%	-7.5%	-12.1%	13.1%	-25.5%	103.0%
SHARE							
Latest 4 Wks		47.3%	23.8%	14.5%	11.1%	1.3%	1.9%
Diff. vs. Pr. 4WM		-2.6%	1.1%	0.7%	0.8%	0.0%	0.0%
Diff. vs. YAG 4WM		-0.9%	-0.5%	-1.1%	1.8%	-0.4%	1.0%
PREMIUM							
Volume	5,683	3,248	1,157	512	730	24	1[illegible]
Change v Pr 4WM	-5.2%	-9.5%	-0.4%	0.9%	4.8%	-3.6%	-2.4%
Share of Category	73.4% *	57.1%	20.4%	9.0%	12.9%	0.4%	0.2%
Diff. vs. Pr. 4WM		-2.8%	1.0%	0.5%	1.2%	0.0%	0.0%
Diff. vs. YAG 4WM		0.2%	-0.9%	-0.5%	1.5%	-0.2%	0.0%
DISCOUNT							
Volume	2,059	412	688	614	130	80	13[illegible]
Change v Pr 4WM	3.2%	3.9%	5.6%	3.1%	2.3%	-6.7%	-3.1%
Share of Category	26.6% *	20.0%	33.4%	29.8%	6.3%	3.9%	6.5%
Diff. vs. Pr. 4WM		0.1%	0.8%	0.0%	-0.1%	-0.4%	-0.4%
Diff. vs. YAG 4WM		-4.5%	0.7%	-2.2%	2.7%	-0.6%	3.9%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 4/16/99

13WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 13 Wk	7,859	3,915	1,782	1,101	829	86	145
Diff. vs. Pr. 13WM	83	31	15	21	12	1	3
Change vs. Pr. 13WM	1.1%	0.8%	0.8%	2.0%	1.4%	1.6%	1.8%
Diff. vs. YAG 13WM	-753	-345	-312	-210	71	-23	66
Chnge vs. YAG 13WM	-8.7%	-8.1%	-14.9%	-16.0%	9.3%	-21.1%	82.5%
SHARE							
Latest 13 Wk		49.8%	22.7%	14.0%	10.6%	1.1%	1.9%
Diff. vs. Pr. 13WM		-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%
Diff. vs. YAG 13WM		0.4%	-1.6%	-1.2%	1.7%	-0.2%	0.9%
PREMIUM							
Volume	5,794	3,481	1,098	516	664	22	1[illegible]
Change v Pr 13WM	1.0%	0.9%	0.6%	1.3%	2.0%	0.3%	-0.1%
Share of Category	73.7% *	60.1%	18.9%	8.9%	11.5%	0.4%	0.2%
Diff. vs. Pr. 13WM	-0.1%	-0.1%	-0.1%	0.0%	0.1%	0.0%	0.0%
Diff. vs. YAG 13WM	0.5%	1.5%	-1.9%	-0.2%	0.7%	-0.1%	0.0%
DISCOUNT							
Volume	2,065	434	684	585	165	64	13[illegible]
Change v Pr 13WM	1.3%	-0.1%	1.3%	2.6%	-1.0%	2.1%	2.0%
Share of Category	26.3% *	21.0%	33.1%	28.3%	8.0%	3.1%	6.5%
Diff. vs. Pr. 13WM	0.1%	-0.3%	0.0%	0.4%	-0.2%	0.0%	0.0%
Diff. vs. YAG 13WM	-0.5%	-3.4%	-0.8%	-3.7%	4.5%	-0.3%	3.6%

*Share of Industry

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 4/16/99

YEAR TO DATE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
YTD	114,987	56,842	26,704	15,915	12,209	1,226	2,091
1998 Actual	128,399	63,646	31,240	19,481	11,247	1,590	1,195
Diff. vs. 1998	-13,412	-6,805	-4,536	-3,566	962	-364	89[illegible]
% Change vs. '98	-10.4%	-10.7%	-14.5%	-18.3%	8.6%	-22.9%	75.0[illegible]
SHARE							
YTD		49.4%	23.2%	13.8%	10.6%	1.1%	1.8%
Diff. vs. 1998		-0.1%	-1.1%	-1.3%	1.9%	-0.2%	0.9%
FORECAST	109,700	54,908	26,089	16,026	10,087	1,293	1,29[illegible]
Diff. vs. Forecast	5,288	1,934	615	-111	2,123	-67	79[illegible]
PREMIUM							
Volume	84,630	50,324	16,497	7,523	9,776	330	18[illegible]
Diff. vs. 1998	-8,616	-4,311	-2,920	-944	-277	-129	-3[illegible]
% Change vs. '98	-9.2%	-7.9%	-15.0%	-11.2%	-2.8%	-28.1%	-16.1%
Share of Category	73.6% *	59.5%	19.5%	8.9%	11.6%	0.4%	0.2%
Diff. vs. 1998	1.0%	0.9%	-1.3%	-0.2%	0.8%	-0.1%	0.0%
DISCOUNT							
Volume	30,357	6,518	10,207	8,391	2,434	897	1,91[illegible]
Diff. vs. 1998	-4,796	-2,494	-1,616	-2,622	1,239	-235	93[illegible]
% Change vs. '98	-13.6%	-27.7%	-13.7%	-23.8%	103.7%	-20.8%	95.1%
Share of Category	26.4% *	21.5%	33.6%	27.6%	8.0%	3.0%	6.3%
Diff. vs. 1998	-1.0%	-4.2%	0.0%	-3.7%	4.6%	-0.3%	3.5%

*Share of Industry

Note: Company volumes may not sum to Total Industry due to rounding.
Volume differences, percentages and share figures are calculated on full precision numbers.

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